



GenConn Connecticut Peakers Financing – Overcoming the Challenges of the Current Market



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NRG Safe Harbor Statement

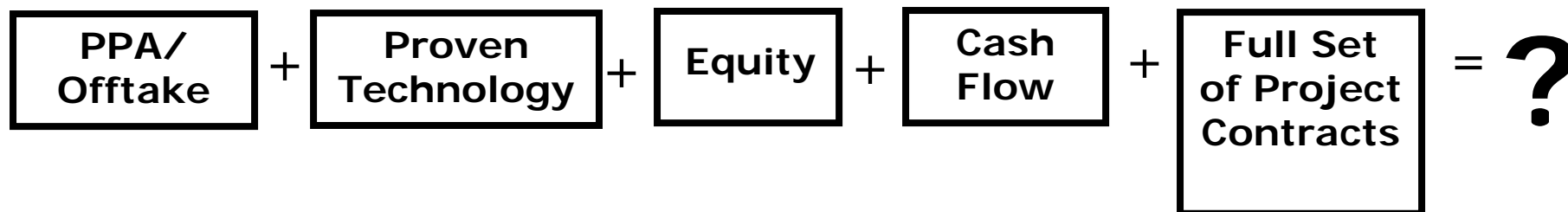


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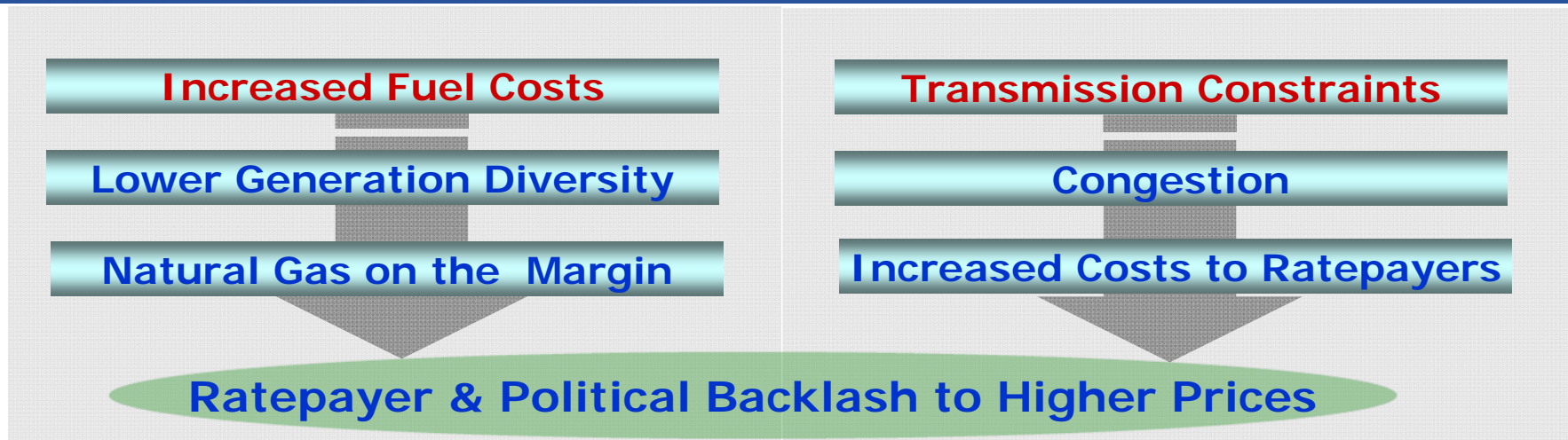
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Project Finance Market – What we expected

- Since 2001/2002 projects need PPA/offtake contract or hedge
- Proven Technology
- Committed equity and debt/equity ratios
- Strong cash flows and coverage ratios
- Well structured project contracts with all pieces in place



Finding an Offtake Contract

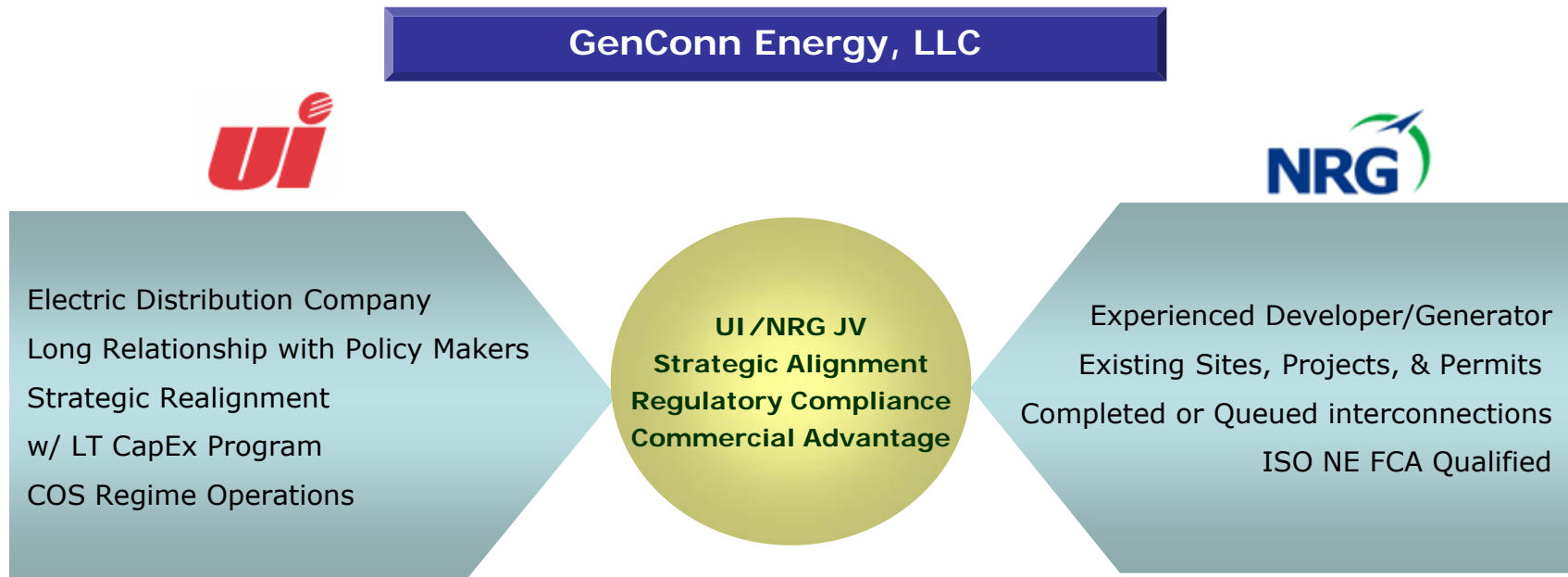


A new concept in Connecticut - "Competitive Cost of Service"

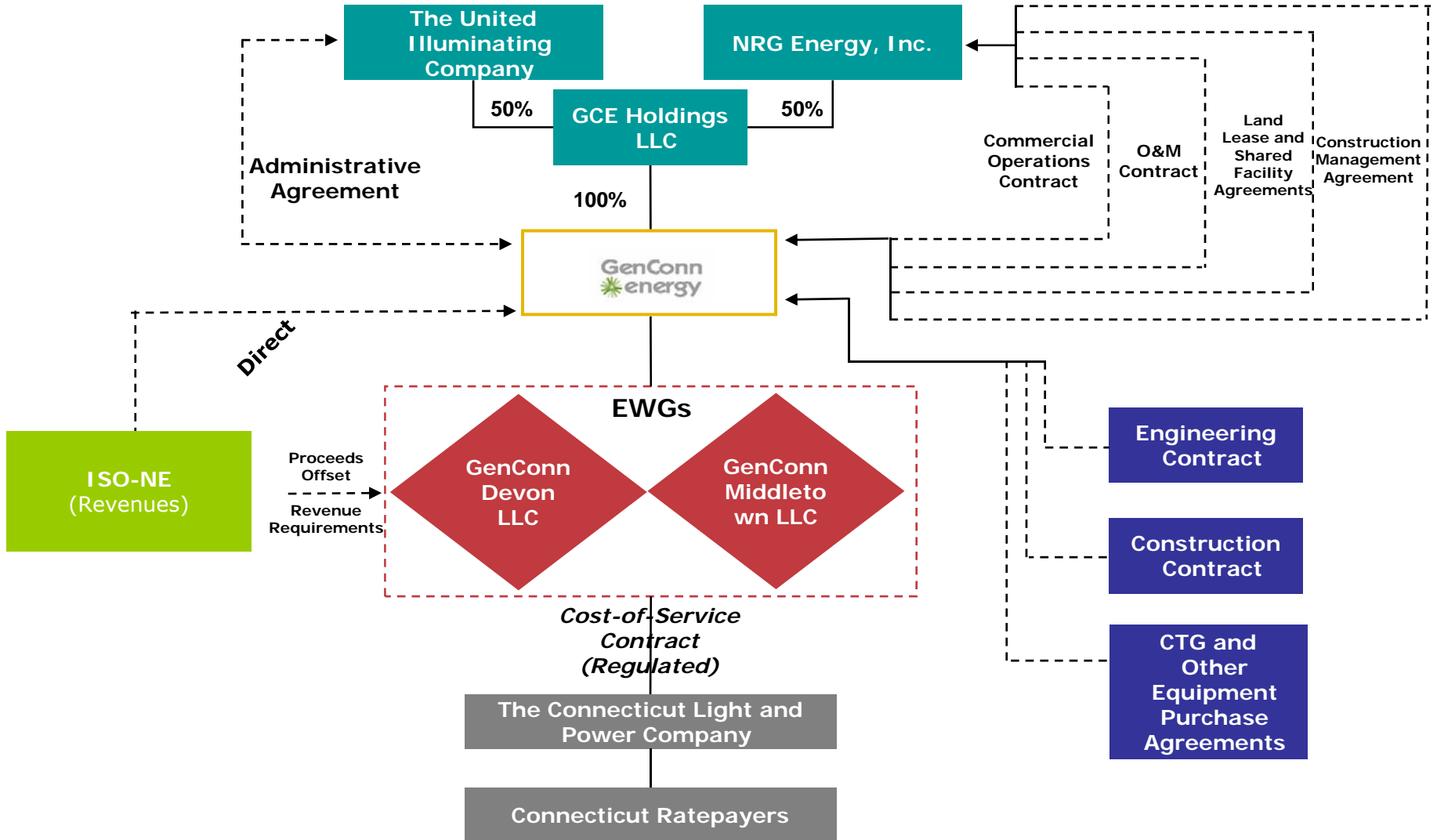
- Required EDCs and Allowed Merchants to Submit Plans for Building Peaking Generation
- Required Integrated Resource Planning and Resource Procurement
- Allowed Utility Purchase of Generating Plants (limited)
- Allowed Long-term Energy Contracts
- Required Decoupling of revenues from kWh sales
- Continued development of renewable resources

Competitive Hybrid is Born

- Competing for cost-based rates
- Cost of service approach determines total revenue requirement
- Contract for differences determines source of revenue between ISO NE market and CT ratepayers



GenConn Project Structure



The Offtake Contract

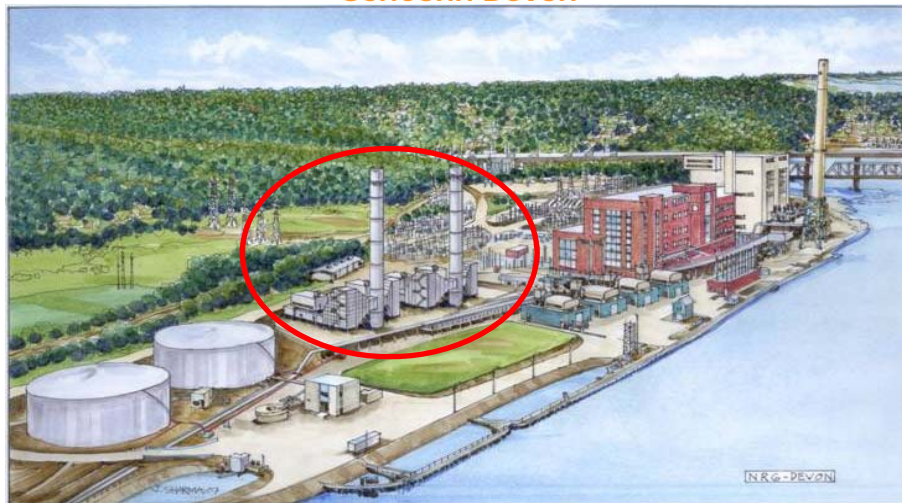


Category	Devon	Middletown
Buyer:	The Connecticut Light and Power Company (Baa1/BBB)	
Supplier:	GenConn Devon LLC	GenConn Middletown LLC
Capacity:	200 MW (nameplate) Contract quantity 187.6 MW (Summer Capacity)	
Term:	30 years plus 10 year extension option	
Commercial Operation Milestone:	June 1, 2010	June 1, 2011
Revenue Framework:	<ul style="list-style-type: none"> - Revenue requirements cover fuel, capital costs, fixed and variable O+M, taxes, financing costs and fixed return - Projects participate in ISO-NE - Shortfall in revenues from market paid to projects by CL+P; excess paid by projects to CL+P 	

CfD provides 30 year offtake with investment grade credit

	GenConn Devon	GenConn Middletown
Location:	Milford, CT	Middletown, CT
Site:	61 acre site with existing 140 MW dual-fuel capacity	55 acre site with existing 770 MW dual-fuel capacity
Nameplate Capacity (MWs):	200.0 – 4 x LM6000PC Sprint	200.0 – 4 x LM6000 PC Sprint
Contract Committed Capacity (MWs):	187.6	187.6
Target COD:	June 2010	June 2011
Fuel:	Fuel Oil and Natural Gas	Fuel Oil and Natural Gas
Natural Gas Interconnection:	Iroquois Pipeline	Algonquin Pipeline
Fuel Storage Capacity:	Shared 5 million gallons (ability to run for 8 days)	1 million gallons (ability to run for 3 days)
Permits:	Complete	Complete

GenConn Devon



GenConn Middletown



GenConn Devon



GenConn Middletown



- NRG Construction is acting as Construction Manager, pursuant to Construction Management Agreements (“CMAs”) with the Projects
 - NRG Parent guarantees the Manager’s performance and schedule obligations to the Projects
- Sigma has executed contracts with the Projects for engineering design services
- All major equipment to be supplied by vendors directly contracted by GenConn
- Barton Malow will complete the construction work as GC
- Contracts executed on a fixed price basis
- Leverages existing infrastructure and skilled workforce at brownfield sites
- Approximately 70% of Total Project Costs Fixed Pre-Financing

March 2008 Proposed Financing Approval

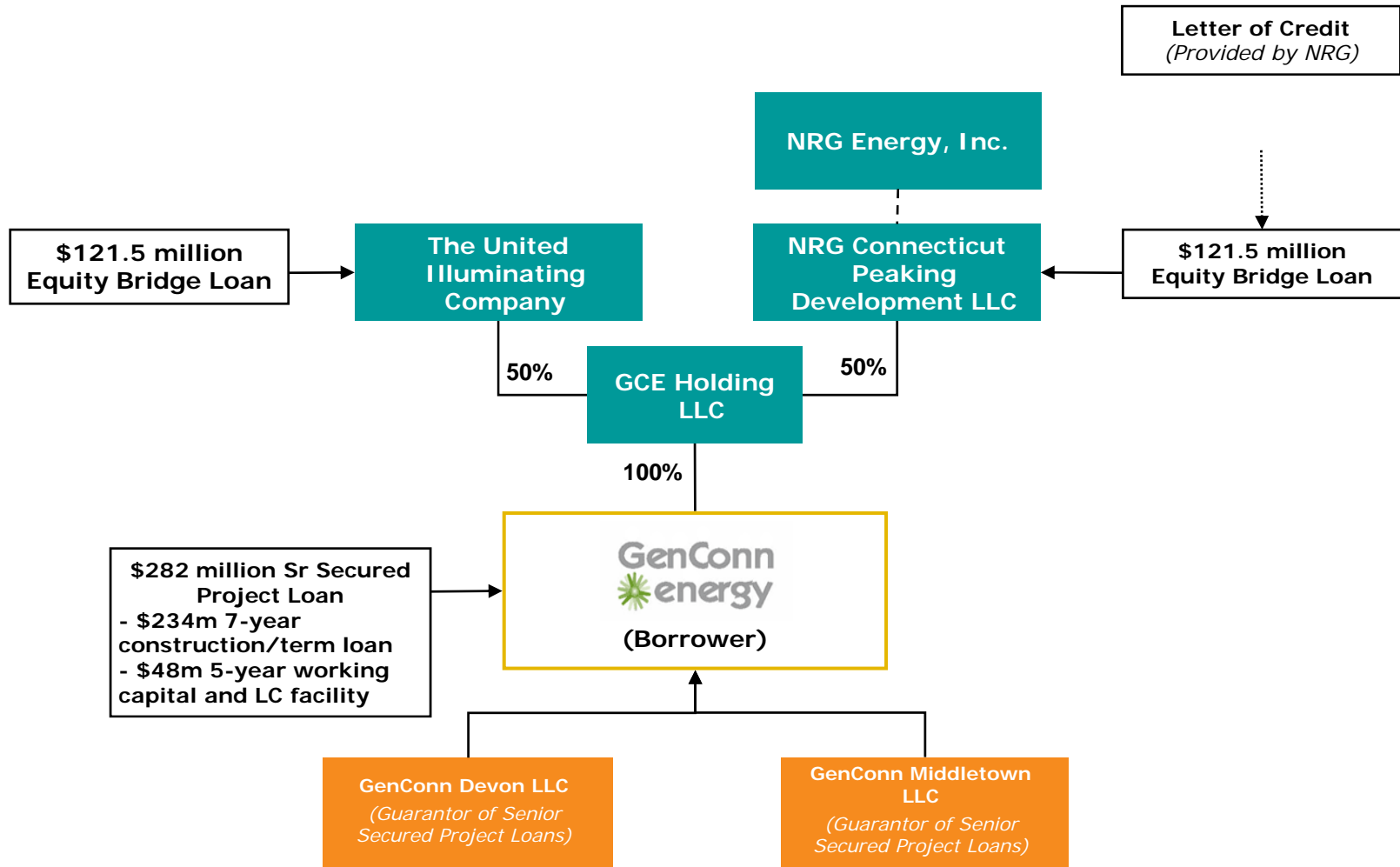
- A non-recourse permanent financing back-stopped by an underwritten construction financing at the GenConn Energy level was contemplated:
 - Permanent financing from private placement market with back-stop from bank market
 - Term for the debt to match 30-year term of the CfD
 - Recourse limited to assets with no requirement of parental support beyond equity commitments
 - An actual or implied investment grade rating (i.e., Baa3/BBB- or greater) expected based on the strong credit profile of the projects with 30-year CfD supported by rate base
- An equity bridge loan to fund equity requirements during the construction period was proposed

Current Project Finance Market

- 30-year private placement rates exceeded ROE
- No underwriting available
- Very shallow market – banks have limited capital
 - Very few willing to lend above \$50 million
 - No secondary market so bonds must commit to what they can hold
- With such a shallow market, potential for long-term corporate relationships are the key motivator for willingness to lend
- Credit risk must be investment grade
- Upfront and spreads have approximately doubled in the last 8 months – even for investment grade deals

Absent the Structure of the GenConn Project it Would Unlikely be able to Obtain Financing in the Current Market

Pro Forma Simplified Lending Structure



NRG – Still a Merchant Generator, but in a New World



- NRG's efforts helped preserve "merchant generation" in CT and multiple "merchant generators" showed up for the peaking docket process
- While the legislation called for a "cost-of-service" approach, the docket was conducted on a very competitive basis with boundaries on performance and costs
- As-bid capital costs form the basis for rate setting rather than the traditional post-construction prudence review

NRG remains a merchant generator adapting its business model to best serve each local market's needs in a manner that creates value and mitigates risks for its stakeholders by:

- Long Term Contracting
 - Market-based, merchant investments
 - Market-based long-term contracts
 - Cost-based long-term contracts
- Partnering
 - Complementary skills
 - Financial players
- Financings
 - Financeable terms through contracting
 - Federal and state programs

Questions & Answers